

**ELEVENTH AND FORTY-SECOND  
JUDICIAL DISTRICTS  
INDIGENT DEFENDER FUND  
DeSoto and Sabine Parish, Louisiana**

**FINANCIAL REPORT  
FOR THE EIGHTEEN MONTHS  
ENDED JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/9/11

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Financial Report  
For the Eighteen Month Period Ended June 30, 2010

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# **ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**

**P. O. Box 1004  
Mansfield, LA 71052-1004**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Eleventh and Forty-second Judicial Districts Indigent Defender Fund's (Indigent Defender Fund) annual financial report presents our discussion and analysis of the Fund's financial performance during the eighteen-month period that ended on June 30, 2010. The Louisiana Public Defender Board, in September 2009, required that all public defender offices adopt a fiscal year end of June 30. The last annual financial statement report provided to the Louisiana Legislative Auditor was dated December 31, 2008, therefore this Management's Discussion and Analysis covers the eighteen month period ended June 30, 2010. Please read it in conjunction with the Fund's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

Pursuant to Act No. 416 of the 2007 Regular Session of the Louisiana Legislature, the former 11<sup>th</sup> Judicial District, which comprised of Sabine and DeSoto Parishes, was split along parish boundaries as of January 1, 2009. Sabine Parish became the "new" 11<sup>th</sup> Judicial District; and DeSoto Parish became the newly created 42<sup>nd</sup> Judicial District. The chief defender of the prior 11<sup>th</sup> District and currently chief defender of the two new districts operates the two parishes under a cooperative endeavor agreement as one entity.

The Eleventh and Forty-second Judicial Districts Indigent Defender Fund's net assets decreased by \$191,220 or 44.39% during the eighteen months period.

The Indigent Defender Fund's average monthly revenue of \$53,665 for the eighteen month-period ending June 30, 2010, is a 10.82% decrease from the average monthly revenue of \$60,155 from the year ended December 31, 2008.

During the eighteen month period ended June 30, 2010, the Indigent Defender Fund had average monthly expenses of \$64,288, including depreciation, compared to \$53,002 in the year ended December 31, 2008. This reflects an increase of 17.56% during the eighteen month period ended June 30, 2010.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the basic financial statements which include government-wide financial statements and fund financial statements. These two types of financial statements present the Fund's financial position and results of operations from differing perspectives, which are described as follows:

### Fund Financial Statements

Fund financial statements provide detailed information regarding the Fund's most significant activities and are not intended to provide information for the Fund as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Fund's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Fund's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

### Government-wide Financial Statements

The government-wide financial statements report information about the Fund as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Fund's assets and all of its liabilities. All of the Fund's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by court fees and Louisiana state appropriations.

### Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Supplementary Information

Other supplementary information is provided to show additional details.

### FINANCIAL ANALYSIS OF THE FUND'S OFFICE AS A WHOLE

Net assets may serve over time as a useful indicator of the Eleventh and Forty-second Judicial Districts Indigent Defender Fund's financial position. The Indigent Defender Fund's total net assets changed from eighteen months ago, decreasing from \$430,754 to \$239,535.

The Fund continues to maintain a high level of liquidity with \$253,817 (111 %) of the Indigent Defender Fund's unrestricted net assets invested in demand deposits and certificates of deposit with various financial institutions as of June 30, 2010.

At June 30, 2010, \$10,124 (4.23%) of the Indigent Defender Fund's net assets reflects capital assets with a historical cost of \$22,233 and accumulated depreciation of \$12,109.

Resources that are subject to external restrictions on how they may be used decreased \$229 as the Juvenile, Expert Witness, and Information Technology grants from 2007 were expended.

The largest portion of the Indigent Defender Fund's net assets \$229,411 (95.77%) as of June 30, 2010, and \$413,713 (96.04%) as of December 31, 2008, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto and Sabine Parishes.

	<u>2010</u>	<u>2008</u>
ASSETS:		
Cash	\$ 253,817	\$387,549
Accounts Receivable	35,179	29,286
Capital Assets, Net of Depreciation	<u>10,124</u>	<u>16,812</u>
Total Assets	<u>\$ 299,120</u>	<u>\$433,647</u>
LIABILITIES:		
Accounts Payable	\$ <u>59,585</u>	\$ <u>2,893</u>
Total Liabilities	<u>\$ 59,585</u>	<u>\$ 2,893</u>
NET ASSETS:		
Unrestricted	\$ 229,411	\$413,713
Restricted	0	229
Invested in Capital Assets, Net of Related Debt	<u>10,124</u>	<u>16,812</u>
Total Net Assets	<u>\$ 239,535</u>	<u>\$430,754</u>

An analysis of the government-wide Statement of Activities is presented as follows:

	<u>2010</u>	<u>2008</u>
REVENUES:		
Program Revenue-		
Charges for Services	\$ 594,928	\$499,621
Operating Grants and Contributions	366,890	219,990
General Revenue-		
Interest Revenue	<u>4,145</u>	<u>2,244</u>
Total Revenues	<u>\$ 965,963</u>	<u>\$721,855</u>
Program Expenses-		
Judiciary	<u>\$1,157,182</u>	<u>\$636,021</u>
Increase (Decrease) in Net Assets	\$(191,219)	\$ 85,834
Net Assets Beginning	<u>430,754</u>	<u>344,920</u>
Net Assets Ending	<u>\$ 239,535</u>	<u>\$430,754</u>

As the accompanying presentation demonstrates, the Fund has decreased its reserves by \$191,219 or 44.39% at June 30, 2010. Approximately 61.59% (\$594,928) of the Fund's total revenues were derived through charges for services compared to 69.21 % (\$499,621) in the year ended December 31, 2008.

The Fund received \$366,890 (37.98%) and \$219,990 (30.48%) of its total revenues through program grants and contributions during the eighteen month period ended June 30, 2010, and the year ended December 31, 2008, respectively.

#### FINANCIAL ANALYSIS OF THE FUND'S FUND

For the eighteen month period ended June 30, 2010, differences between the government-wide presentation and the fund financial statements were due to depreciation changes associated with capital assets.

#### BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Indigent Defender Fund complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Fund's budget was amended three times during the eighteen month period ended June 30, 2010. The actual revenues were \$218,449 above the budgeted amounts and actual expenditures were \$3,599, or less than 1/2%, more than the budgeted amounts. The revenues were more than budget due to an increase in the state appropriation.

#### CAPITAL ASSET ADMINISTRATION

For the eighteen month period ended June 30, 2010, no capital assets were purchased. The investment in capital assets consists of office equipment.

#### DEBT ADMINISTRATION

For the eighteen month period ended June 30, 2010, there was no debt activity and no debts are outstanding at year-end.

#### ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

Pursuant to Act No. 416 of the 2007 Regular Session of the Louisiana Legislature, the former 11<sup>th</sup> Judicial District, comprised of Sabine and DeSoto Parishes, was split along parish boundaries as of January 1, 2009. Sabine Parish became the "new" 11<sup>th</sup> Judicial District; and DeSoto Parish became the newly created 42<sup>nd</sup> Judicial District. Whereas Act No. 416 made provisions for judges, law clerks, court reporters and the district attorney and assistants, it made no provisions for public defender services or how the fund balance of the district should be split. The Chief Defender of the prior 11<sup>th</sup> District and now Chief Defender of the two new districts operate the two parishes under a cooperative endeavor agreement as one entity. On August 20, 2009, the State Defender sent a letter to the Louisiana Attorney General requesting an opinion on the current cooperative endeavor agreement.

The LA State Attorney General issued an opinion (Opinion 09-0212) on December 22, 2009. In the opinion of the Attorney General's office, the cooperative endeavor agreement between the 11<sup>th</sup> and 42<sup>nd</sup> Judicial Districts relating to the Public Defender is permissible under Louisiana Constitution, Article VII, Section 14(A) and (C).

No other known issues are expected to have a significant impact on future operations.

#### REQUEST FOR INFORMATION

This report is designed to provide a general overview of the Eleventh and Forty-second Judicial District Indigent Defender Fund, DeSoto and Sabine Parishes, Louisiana, and seeks to demonstrate the fund's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Steven Thomas, Eleventh and Forty-second Judicial District Indigent Defender Fund, P. O. Box 689, Mansfield, Louisiana, 71052.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT AUDITOR'S REPORT

Steven Thomas, Chief Defender  
Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
P. O. Box 1004  
Mansfield, LA 71052-1004

We have audited the accompanying financial statements of the governmental activities and the major fund of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund as of and for the eighteen month period ended June 30, 2010, which collectively comprise the Indigent Defender Fund's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2010, on our consideration of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe



the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's financial statements as a whole. The budgetary comparison and statement of activities by district listed as other required supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison statement and statement of activities by district are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Johnson, Thomas & Cunningham, CPA's  
Johnson, Thomas & Cunningham, CPA's

December 28, 2010  
Natchitoches, LA 71457

## BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Statement of Net Assets  
June 30, 2010

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$253,817
Accounts Receivable	35,179

Non-current Assets-

Capital Assets (Net)	<u>10,124</u>
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Total Assets	<u>\$299,120</u>
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LIABILITIES:

Current Liabilities-

Accounts Payable	<u>\$ 59,585</u>
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NET ASSETS:

Invested in Capital Assets	\$ 10,124
Unrestricted	<u>229,411</u>

Total Net Assets	<u>\$239,535</u>
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See notes to financial statements.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Statement of Activities  
For the Eighteen Month Period Ended June 30, 2010

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Judicial	<u>\$1,157,182</u>	<u>\$594,928</u>	<u>\$366,890</u>	<u>\$(195,364)</u>
	General Revenues:			
	Interest			<u>4,145</u>
	Change in Net Assets			<u>\$(191,219)</u>
	Net Assets January 1, 2008			<u>430,754</u>
	Net Assets June 30, 2010			<u>\$ 239,535</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Balance Sheet-Governmental Fund  
June 30, 2010

Assets:

Cash & Cash Equivalents	\$253,817
Accounts Receivable	<u>35,179</u>
Total Assets	<u>\$288,996</u>

Liabilities:

Accounts Payable	\$ 59,585
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Fund Balance:

Unreserved	<u>229,411</u>
Total Liabilities and Fund Balance	<u>\$288,996</u>

See notes to financial statements.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Assets  
June 30, 2010

Total Fund Balance for the Governmental Fund at June 30, 2010	\$229,411
Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles	22,233
Less: Accumulated Depreciation	<u>(12,109)</u>
Total Net Assets of Governmental Activities at June 30, 2010	<u>\$239,535</u>

See notes to financial statements.



Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Governmental Fund  
For the Eighteen Month Period Ended June 30, 2010

REVENUES:

Intergovernmental-	
State of LA	\$ 366,890
Statutory Fines, Forfeitures, Fees, Court Costs, & Other	594,928
Miscellaneous-	
Interest	<u>4,145</u>
Total Revenues	<u>\$ 965,963</u>

EXPENDITURES:

Dues, Licenses & Registration	\$ 1,349
Contract Services - Attorney/Legal	931,067
Contract Services - Other	164,183
Travel-Professional Development	4,497
Library & Research	524
Accounting/Audit	13,200
Travel-Operating	23,101
Supplies	3,960
Other	<u>8,613</u>

Total Expenditures \$1,150,494

(Deficiency) of Revenues over Expenditures \$ (184,531)

Fund Balance - Beginning of Period 413,942

Fund Balance - End of Period \$ 229,411

See notes to financial statements.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the Eighteen Month Period Ended June 30, 2010

Total Net Change in Fund Balance at June 30, 2010, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(184,531)
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
Depreciation Expense is reported in the government- wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expen- diture in the governmental funds. Current period depreciation expense is	<u>(6,688)</u>
Total changes in Net Assets at June 30, 2010, per Statement of Activities	<u>\$(191,219)</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

Introduction:

The Eleventh and Forty-Second Judicial Districts Indigent Defender Fund (Indigent Defender Fund) was established to provide and compensate counsel appointed to represent in criminal and quasi-criminal cases on the district court level. The district fund is regulated by the Louisiana Public Defender Board established by Louisiana Revised Statute 15:141-184 to provide effective legal representation to criminal defendants who are unable to afford an attorney, consistent with the right to counsel in our criminal courts, mindful of the need for law and order and an appreciation of victim's rights. The Indigent Defender Fund is administered by the district public defenders who are contracted with the Louisiana Public Defender Board to provide for the delivery and management of public defender services within the judicial district. Offices of the Fund are maintained in the personal office of Steven R. Thomas, Chief Defender.

Pursuant to Act 416 of the 2007 Regulator Session of the Louisiana Legislature, the former 11<sup>th</sup> Judicial District, which was comprised of Sabine and DeSoto Parishes, was split along parish boundaries as of January 1, 2009. Sabine Parish became the "new" Eleventh Judicial District; and DeSoto Parish became the newly created Forty-Second Judicial District. Whereas Act No. 416 made provisions for judges, law clerks, court reporters and the district attorney and assistants, it made no provisions for public defender services of the districts after the split. The Chief Defender of the prior Eleventh District and currently Chief Defender of the two new districts operates the two parishes under a cooperative endeavor agreement as one entity. On August 20, 2009, the State Defender sent a letter to the Louisiana Attorney General requesting an opinion on the current cooperative endeavor agreement. The LA State Attorney General issued an opinion (Opinion 09-0212) on December 22, 2009. In the opinion of the Attorney General's office, the cooperative endeavor agreement between the 11<sup>th</sup> and 42<sup>nd</sup> Judicial Districts relating to the Public Defender is permissible under Louisiana Constitution, Article VII, Section 14(A) and (C).

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

For financial reporting purposes, in conformity with the Governmental Accounting Standards Board (GASB) Statement No. 14, the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund is a part of the operations of the district court system. However, the state statutes that create the indigent defender funds also gives the funds control over their operations including the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of monies. The Eleventh and Forty-Second Judicial Districts Indigent Defender Fund is financially independent and operates autonomously from the State of Louisiana and independently from the district court system. Therefore, the Indigent Defender Fund reports as an independent reporting entity and the financial statements include only the transactions of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

**B. Basis of Presentation-**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Indigent Defender Fund's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**C. Fund Accounting-**

The accounts of the Indigent Defender Fund are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Indigent Defender Fund maintains only one fund. A fund is considered major if it is the primary operating fund of the entity.

The major fund of the Indigent Defender Fund is described below:

**Governmental Fund-**

**General Fund**

The General Fund is the general operating fund of the Indigent Defender Fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**D. Measurement Focus/Basis of Accounting-**

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

**Accrual Basis - Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the Indigent Defender Fund as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**Modified Accrual Basis - Fund Financial Statements (FFS)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Indigent Defender Fund considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

**E. Assets, Liabilities, and Equity-**

**Cash and Interest-Bearing Deposits-**

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Indigent Defender Fund.

**Capital Assets-**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Indigent Defender Fund maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
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Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. Budget-

Prior to the beginning of each fiscal year, the Indigent Defender Fund adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

H. Restricted Resources-

The Indigent Defender Fund applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. Cash and Cash Equivalents:

At June 30, 2010, the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund has cash and cash equivalents (book balances) totaling \$253,817 as follows:

Demand Deposits	\$137,448
Certificate of Deposits	<u>116,369</u>
Total	<u>\$253,817</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fund that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Fund's name.

The cash equivalents of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund are subject to the following risks:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At June 30, 2010, the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund had \$256,149 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and the pledge of securities with a fair market value of \$6,149 held by the custodial banks in the name of the Fund.

*Interest Rate Risk:* This is the risk that changes in market interest rates that will adversely affect the fair value of a certificate of deposit (time deposit). Generally, the longer the maturity of a certificate of deposit, the greater the sensitivity of its fair value to changes in market interest rates. The Indigent Defender Fund's certificates of deposit have maturities of three months or less which limits exposure to fair value losses arising from rising interest rates.



Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

*Credit Risk:* The Fund's deposits comply with Louisiana Statute (LSA R.S. 33:2955). Under state law, the Fund may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Fund may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

3. Capital Assets:

Capital asset balances and activity for the eighteen month period ended June 30, 2010, is as follows:

<u>Governmental Activities</u>	<u>Balance 12-31-08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-10</u>
Capital Assets Depreciated:				
Furniture, computers	\$22,233	\$ 0	\$0	\$22,233
Total Assets	\$22,233	\$ 0	\$0	\$22,233
Less: Accumulated Depreciation:				
Furniture, computers	\$ 5,421	\$ 6,688	\$0	\$12,109
Total Depreciation	\$ 5,421	\$ 6,688	\$0	\$12,109
Net Capital Assets	\$16,812	\$(6,688)	\$0	\$10,124

Depreciation expense of \$6,688 was charged to the general government function.

4. Receivables:

The General Fund receivables of \$35,179 are as follows:

Statutory Fines, Forfeitures, Fees, Court Costs and Other- Fines	\$30,030
Fees	<u>5,149</u>
Total	<u>\$35,179</u>

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

5. Governmental Fund Revenues and Expenditures:

For the eighteen month period ended June 30, 2010, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State Government-		
Appropriations - General	\$366,890	
Appropriations - Special	0	
Revenue Sharing	0	
Grants	0	
On-behalf Payments	0	
Other	0	
Total		\$366,890

Local Government-

Appropriations - General	\$ 0	
Appropriations - Special	0	
Grants	0	
Statutory Fines, Forfeitures, Fees, Court Costs & Other	594,928	
Criminal Court Fund	0	
On-behalf Payments	0	
Other	0	
Total		594,928

Federal Government-

Grants - Direct	\$ 0	
Grants - Indirect (passed-through state)	0	
Total		0

Other Grants & Contributions

Non-profit Organizations	\$ 0	
Private Organizations	0	
Corporate	0	
Other	0	
Total		0

Charges for Services	0
Investment Earnings	4,145
Miscellaneous	0

Total Revenues	<u>\$965,963</u>
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Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

## Expenditures:

## Personnel Services &amp; Benefits-

Salaries	\$ 0	
On-behalf Payments - Salaries	0	
Retirement Contributions	0	
On-behalf Payments - Retirement	0	
Insurance	0	
On-behalf Payments - Insurance	0	
Payroll Taxes	0	
Other	<u>0</u>	
Total		\$ 0

## Professional Development-

Dues, Licenses & Registrations	\$ 1,349	
Travel	4,497	
Other	<u>0</u>	
Total		5,846

## Operating Costs-

Library & Research	\$ 524	
Contract Services - Attorney/Legal	931,067	
Contract Services - Other	164,183	
Lease - Office	0	
Lease - Autos & Other	0	
Travel - Transportation	23,101	
Travel - Other	0	
Insurance	0	
Supplies	3,960	
Repairs & Maintenance	0	
Utilities & Telephone	0	
Other	<u>21,813</u>	
Total		1,144,648

Debt Service	0
Capital Outlay	<u>0</u>

Total Expenditures \$1,150,494

6. Commitments and Contingencies:

The Eleventh and Forty-Second Judicial Districts Indigent Defender Fund are not currently named as a defendant in any current or pending litigation.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Financial Statements  
For the Eighteen Month Period Ended June 30, 2010

The Indigent Defender Fund participates in certain state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

**OTHER REQUIRED  
SUPPLEMENTARY INFORMATION**

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Notes to Budgetary Comparison Schedule  
For the Eighteen Month Period Ended June 30, 2010

Budgetary Information

Annually the Indigent Defender Fund adopts a budget for the General Fund on the modified accrual basis of accounting. Amounts are available for expenditures only to the extent included within the budget. All appropriations lapse at year-end.

Since the last compiled financial statements were issued, the Louisiana Public Defender Board changed the year end of the districts within the state from a calendar year end of December 31 to a fiscal year ending June 30. Prior to the change the District was required to submit a budget for the calendar year ended December 31, 2009. After the change, the District was required to submit a budget for the twelve-month period ending June 30, 2010. The original budget on the budgetary comparison schedule is one half the budget for the year ended December 31, 2009, and the original budget submitted for the twelve months ending June 30, 2010. The final eighteen month budget is one-half of the original calendar year budget representing January 1, 2009, to June 30, 2009, added to the June 30, 2010, final budget. The budget was amended twice during this period.

The Louisiana Local Government Budget Act Section 1305(E) provides that "the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

The Louisiana Local Government Budget Act also requires a budget to be amended if actual revenues are failing to meet total budgeted revenues by five percent or more, and if actual expenditures are exceeding the total budgeted expenditures by five percent or more. The Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's actual revenue exceeds budgeted revenue by 29%. Actual expenses are more than budgeted expenditures by less than 1/2%. The fund is in compliance with the Louisiana Local Budget Act.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
General Fund  
Budgetary Comparison Schedule  
For the Eighteen Month Period Ended June 30, 2010

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State Government-				
Appropriations - General	\$ 52,500	\$ 194,264	\$ 366,890	\$172,626
Local Government-				
Court Fees	600,000	515,000	549,714	34,714
Bond Fees and Forfeitures	37,500	37,500	45,214	7,714
Investment Earnings	<u>750</u>	<u>750</u>	<u>4,145</u>	<u>3,395</u>
Total Revenues	<u>\$ 690,750</u>	<u>\$ 747,514</u>	<u>\$ 965,963</u>	<u>\$218,449</u>
EXPENDITURES:				
Operating Costs-				
Contract Services	\$ 970,500	\$1,091,500	\$1,095,250	\$ (3,750)
Professional Services	15,000	18,000	13,200	4,800
Travel	7,500	22,500	23,101	(601)
Other Operating Expenses	11,310	12,545	13,097	(552)
Professional Development	<u>0</u>	<u>2,350</u>	<u>5,846</u>	<u>(3,496)</u>
Total Expenditures	<u>\$1,004,310</u>	<u>\$1,146,895</u>	<u>\$1,150,494</u>	<u>\$ (3,599)</u>
(Deficiency) of Revenues over Expenditures	\$ (313,560)	\$ (399,381)	\$ (184,531)	\$214,850
Fund Balance - Beginning of Period	<u>413,942</u>	<u>413,942</u>	<u>413,942</u>	<u>0</u>
Fund Balance - End of Period	<u>\$ 100,382</u>	<u>\$ 14,561</u>	<u>\$ 229,411</u>	<u>\$214,850</u>

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Statement of Activities by District  
For the Eighteen Month Period Ended June 30, 2010

	Eleventh District	Forty-Second District	Total
Program Expenses:			
Judiciary-			
Dues, Licenses & Registrations	\$ 527	\$ 822	\$ 1,349
Travel	<u>2,472</u>	<u>2,025</u>	<u>4,497</u>
Total Professional Development	<u>\$ 2,999</u>	<u>\$ 2,847</u>	<u>\$ 5,846</u>
Operating Costs-			
Library & Research	\$ 262	\$ 262	\$ 524
Contract Services – Attorney/Legal	401,746	529,321	931,067
Contract Services – Other	73,816	90,367	164,183
Professional Services – Accounting/Audit	6,600	6,600	13,200
Travel	7,225	15,876	23,101
Supplies	1,968	1,992	3,960
Other	<u>4,829</u>	<u>3,784</u>	<u>8,613</u>
Total Operating Costs	<u>\$ 496,446</u>	<u>\$ 648,202</u>	<u>\$ 1,144,648</u>
Depreciation	<u>\$ 3,344</u>	<u>\$ 3,344</u>	<u>\$ 6,688</u>
Total Program Expenses	<u>\$ 502,789</u>	<u>\$ 654,393</u>	<u>\$ 1,157,182</u>
Program Revenues:			
State Government-			
Appropriations – General	\$ 254,925	\$ 111,965	\$ 366,890
Local Government-			
Statutory Fines, Forfeitures, Fees, Court Costs & Other	<u>110,129</u>	<u>484,799</u>	<u>594,928</u>
Total Program Revenues	<u>\$ 365,054</u>	<u>\$ 596,764</u>	<u>\$ 961,818</u>
Net Program Expense	\$(137,735)	\$(57,629)	\$(195,364)
General Revenues:			
Investment Earnings	<u>2,073</u>	<u>2,072</u>	<u>4,145</u>
Change in Net Assets	<u>\$(135,662)</u>	<u>\$(55,557)</u>	<u>\$ (191,219)</u>



# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Steven Thomas, Chief Defender  
Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
P. O. Box 1004  
Mansfield, LA 71052-1004

We have audited the financial statements of the governmental activities and the major fund of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund as of and for the eighteen month period ended June 30, 2010, which collectively comprise the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's basic financial statements and have issued our report thereon dated December 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's internal control over financial reporting.

A deficiency in internal control exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Louisiana Legislative Auditor, and management of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's  
Johnson, Thomas & Cunningham, CPA's

December 28, 2010  
Natchitoches, Louisiana

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Schedule of Findings & Questioned Costs  
For the Eighteen Month Period Ended June 30, 2010

I. SUMMARY OF AUDIT REPORT

1. An unqualified opinion was issued on the financial statements of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund as of and for the eighteen month period ended June 30, 2010.
2. There were no significant deficiencies noted during the audit of the financial statements.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None.

Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Summary Schedule of Prior Year Audit Findings  
For the Eighteen Month Period Ended June 30, 2010

08-01 *Finding* - Violation of Local Government Budget Act.  
*Status* - Cleared as of June 30, 2010.